

**INDIANA OFFICE OF UTILITY CONSUMER COUNSELOR'S 8-8-16 RECOMMENDED CHANGES  
TO THE INDIANA UTILITY REGULATORY COMMISSION'S 7-5-16 DRAFT PROPOSED RULE  
IN THE RULE DEVELOPMENT PHASE OF RM 15-06, AMENDING 170 IAC 4-7 AND 170 IAC 4-8**

**TITLE 170 INDIANA UTILITY REGULATORY COMMISSION**

**Proposed Rule**  
LSA Document #15-xxx

**DIGEST**

Amends 170 IAC 4-7 to update the commission's rule requiring electric utilities to prepare and submit integrated resource plans and amends 170 IAC 4-8 to update the commission's rule regarding utilities' energy efficiency plans **and demand response programs**. Effective 30 days after filing with the Publisher.

**Commented [KK1]:** OUCC Comment:  
IURC addressed both energy efficiency and demand response programs in its 7-5-16 draft proposed rule.

- 170 IAC 4-7-0.5**
- 170 IAC 4-7-1**
- 170 IAC 4-7-2**
- 170 IAC 4-7-2.1**
- 170 IAC 4-7-2.2**
- 170 IAC 4-7-2.5**
- 170 IAC 4-7-2.6**
- 170 IAC 4-7-2.7**
- 170 IAC 4-7-3**
- 170 IAC 4-7-4**
- 170 IAC 4-7-5**
- 170 IAC 4-7-6**
- 170 IAC 4-7-7**
- 170 IAC 4-7-8**
- 170 IAC 4-7-9**
- 170 IAC 4-7-10**

- 170 IAC 4-8-1**
- 170 IAC 4-8-2**
- 170 IAC 4-8-3**
- 170 IAC 4-8-4**
- 170 IAC 4-8-5**
- 170 IAC 4-8-6**
- 170 IAC 4-8-7**
- 170 IAC 4-8-8**

**SECTION 1. 170 IAC 4-7-0.5 IS ADDED TO READ AS FOLLOWS**

170 IAC 4-7-0.5 Purpose and Applicability

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

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Sec. 0.5 (a) The purpose of this rule is to provide the specific requirements for submission of utilities' integrated resource plans required by IC 8-1-8.5-3(e).

(b) This rule applies to a utility, as defined in this rule, unless otherwise noted. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-0.5*)

SECTION 2. 170 IAC 4-7-1 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-1 Definitions

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-2.2; IC 8-1-2.3-2; IC 8-1-2.4; IC 8-1-8.5; IC 8-1-8.8-10; IC 8-1.5

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Avoided cost" means the incremental cost to a utility of energy or capacity, or both, not incurred by a utility if an alternative supply-side resource or demand-side resource is included in the utility's IRP.

(c) "Candidate resource portfolio" means one of multiple long-term resource portfolios selected for further evaluation through the utility's portfolio screening process to determine the preferred resource portfolio.

(d) "Cogeneration facility" means the following:

(1) A facility that simultaneously generates electricity and useful thermal energy and meets the energy efficiency standards established for a cogeneration facility by the Federal Energy Regulatory Commission (FERC) under 16 U.S.C. 824a-3.

(2) The land, system, building, or improvement that is located at the project site and is necessary or convenient to the construction, completion, or operation of the facility.

(3) The transmission or distribution facilities necessary to conduct the energy produced by the facility to a user located at or near the project site.

(e) "Commission" means the Indiana utility regulatory commission.

(f) "Commission analysis" means the required state energy analysis developed by the commission under IC 8-1-8.5-3.

(g) "Contemporary issues" means any topic that may affect the inputs, methods, or judgment factors in an IRP and is common to the utilities. Topics may include, but are not limited to, the following:

- (1) Economic.
- (2) Financial.
- (3) Environmental.
- (4) Energy.
- (5) Demographic.
- (6) Customer.
- (7) Methodological.
- (8) Regulatory.
- (9) Technological.

~~(h) "Contemporary methods" means any methodological aspect involved with developing an IRP that represents the best practice of the electric industry to improve the quality of an IRP.~~

**(h) "Cost and benefit analysis" compares the benefits associated with a policy or investment with the costs of implementing the policy or investment. If the sum of the**

**Commented [KK2]: OUCC Comment:**

The terms "cost and benefit analysis" and "cost-effective" were used throughout the 7-5-16 draft proposed rule, but were never defined; so the OUCC proposes adding these general definitions.

Note that the sub-section numbers for the remainder of this section have been changed due to proposed additions to and deletions from the IURC's 7-5-16 draft proposed rule.

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benefits of the project or policy exceeds the costs, then there is a general economic argument supporting the action to make the investment or implement the policy. A cost and benefit analysis of energy efficiency programs must include all energy efficiency program costs as defined in 170 IAC 4-8-10(g).

~~(i) "Demand-side management program" or "DSM program" means a utility program designed to implement demand response, energy efficiency, or both.~~

(i) "Cost-effective" is a measure of whether an investment's benefits exceed its costs.

(j) "Demand response" means a reduction in demand for limited intervals of time, such as during peak electricity usage or emergency conditions.

(k) "Demand response program" means a utility program designed primarily to implement demand response.

(l) "Demand response program costs" means the direct and indirect costs of demand response programs. Demand response program costs may include capitalized items, as well as expenses. However, cost recovery for capital items is subject to 170 IAC 4-8-7.5(d).

(m) "Demand-side resource" means one or more demand-side management programs.

(n) "Director" means an employee of the commission designated as the IRP director by the commission's agency head appointed under IC 8-1-1-2(d).

(o) "Distributed generation" means an electrical generating facility located at or near a customer's point of use, ~~ten megawatts or less and connected at a voltage less than or equal to 60 kilovolts,~~ **which may be connected in parallel operation to the utility system.**

~~(n) "DSM costs" refers to all expenses incurred by a utility in a given year for operation of a DSM program, whether the cost is capitalized or expensed. Expenses include, but are not limited to, the following:~~

~~(1) Administration.~~

~~(2) Equipment.~~

~~(3) Incentives paid to program participants.~~

~~(4) Marketing and advertising.~~

~~(5) Evaluation, measurement and verification.~~

(p) "Emission allowance" means the authority to emit one (1) unit of any air pollutant as specified by a federal or state regulatory system.

(q) "End-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity

(r) "Energy efficiency" means reduced energy use for a comparable or improved level of energy service.

(s) "Energy efficiency program" means a utility program designed primarily to implement energy efficiency.

(t) "Energy efficiency program costs" includes the following under IC 8-1-8.5-10(g):

(1) Direct and indirect costs of energy efficiency programs.

(2) Costs associated with the evaluation, measurement, and verification of program results.

(3) Other recoveries or incentives approved by the commission, including lost revenues and financial incentives approved by the commission under IC 8-1-8.5-10(o). **Energy efficiency program costs may include capitalized items, as well as**

**Commented [KK3]:** OUCC Comment:  
"DSM program" was replaced with "energy efficiency program", "demand response program", or both to be consistent with terminology used in IC 8-1-8.5-10.

**Commented [KK4]:** OUCC Comment:  
Inserted separate definition for demand response program costs due to deletion of "DSM program costs".

**Commented [KK5]:** OUCC Comment:  
Added statutory definition of "program costs" from IC 8-1-8.5-10(g) and re-numbered remaining subsections.

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expenses. However, cost recovery for capital items is subject to 170 IAC 4-8-7.5(d).

(u) "Energy service" means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(v) "Energy storage" means a:  
(1) technology; or  
(2) set of technologies;

Capable of storing previously generated electric energy and discharging that energy as electricity at a later time.

(w) "Engineering estimate" means a calculated estimate of the change in energy (kWh) and demand (kW) resulting from an energy efficiency program or a demand response DSM program, accounting for dynamic interactions between or among them the energy efficiency programs or demand response DSM programs.

(x) "FERC Form 715" means the annual transmission planning and evaluation report required by the Federal Energy Regulatory Commission (FERC), as adopted in 58 FR 52436, Oct. 8, 1993, and as amended by Order 643, 68 FR 52095, Sep. 2, 2003.

(y) "Firm wholesale power sale" means a power sale intended to be available to the purchaser at all times, including under adverse conditions, during the period covered by the commitment.

(z) "Integrated resource plan" or "IRP" means a utility's document or documents submitted to the commission in order to meet the requirements of this rule.

~~(x) "Load building" means a program intended to increase electricity consumption without regard to the timing of the increased usage.~~

(aa) "Load research" means the collection of electricity usage data through a metering device associated with an end-use, a circuit, or a building. The metered data is used to better understand the characteristics of electric loads, the timing of their use, and the amount of electricity consumed by users. The data may be collected over a variety of time intervals, usually sixty (60) minutes or less.

(bb) "Load shape" means the time pattern of customer electricity use and the relationship of the level of energy use to a specific time during the day, month, and year.

(cc) "North American Industrial Classification System" or "NAICS" refers to the system developed by the United States Department of Commerce for use in the classification of establishments by type of activity in which a business is engaged.

~~(bb) "Participant cost test" means a cost effectiveness test that measures the difference between the cost incurred by a program participant and the direct economic benefit received by a program participant.~~

(dd) "OUCC" means the Indiana office of utility consumer counselor.

"Penetration" means the ratio of the number of a specific type of new appliances or end-use equipment installed to the total number installed during a given time.

(ee) "Power transfer capability" means the amount of power that can be transferred from one point or part of the bulk electric system to another without exceeding any reliability criteria pertinent to the utility.

~~(f) "Preferred resource portfolio" means the utility's selected long-term supply-side resource and demand-side resource mix that safely, cost-effectively, economically, safely and reliably meets the electric system demand taking cost, risk, and uncertainty into consideration.~~

**Commented [KK6]: OUCC Comment:**

Added 170 IAC 4-8-7.5(d) to address capital improvements on the utility side of the meter that will benefit all customers, regardless of opt-out status.

**Commented [KK7]: OUCC Comment:**

"DSM program" was replaced with "energy efficiency program", "demand response program", or both to be consistent with terminology used in IC 8-1-8.5-10.

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(ff) "Preferred resource portfolio" means the utility's selected long-term supply-side resource and demand side resource mix that safely and reliably meets electric system demand at the least cost after considering risk and uncertainty, availability of regional resources, existing and reasonably anticipated environmental regulations, projected fuel costs, load growth, economic factors, and technological changes.

(gg) "Present value" means ~~today's the value~~ current value of a future ~~payment, or sum of~~ stream of ~~payments~~ money, calculated by discounting ~~the sum or stream of money~~ by an interest rate.

(hh) "Energy efficiency program costs" includes the following under IC 8-1-8.5-10(g):

- (1) Direct and indirect costs of energy efficiency programs.
- (2) Costs associated with the evaluation, measurement, and verification of program results.
- (3) Other recoveries or incentives approved by the commission, including lost revenues and financial incentives approved by the commission under IC 8-1-8.5-10(o).

(ii) "Program Participant" means a utility customer participating in an energy efficiency or demand response ~~DSM~~ program.

(jj) "Public advisory process" refers to the procedures in section 2.1 of this rule in which customers and interested parties have the opportunity to receive information from the utilities, provide input for the utility to consider in the development of the IRP, and comment on a utility's IRP.

(kk) ~~"Ratepayer impact measure test" or "RIM test" is the change in revenue requirement, expressed on a per unit of sale, from the implementation of a DSM program.~~

(ll) "Regional transmission organization" or "RTO" means the regional transmission organization approved by the Federal Energy Regulatory Commission for the control area that includes the utility's assigned service area as defined in IC 8-1-2.3-2.

(mm) "Renewable resource" means a renewable energy resource as defined in IC 8-1-8.8-10.

(nn) "Resource" means a facility, project, contract, or other mechanism used by a utility to assist in providing electric energy service to the customer.

(oo) "Resource action" means a resource change or addition proposed by a utility in a formally docketed commission proceeding.

(pp) "Risk metric" means a measure used to gauge the risk associated with a resource portfolio. As applied to the cost of a resource portfolio, ~~this risk metric~~ includes measures of the variability of costs and the magnitude of outcomes.

(qq) "Saturation" means the ratio of the number of a specific type of similar appliances of end use equipment to the total number of customers in that class or the total number of similar appliances or end use equipment in use.

(rr) "Screening" means an evaluation performed by a utility to determine whether a demand-side or supply-side resource option is eligible for potential inclusion in the utility's preferred resource portfolio

(ss) "Short term action plan" means a schedule of activities and goals developed by a utility to begin efficient implementation of its preferred resource portfolio as required by subdivision 4(10) of this rule.

**Commented [KK8]: OUC Comment:**

The Commission's proposed wording eliminates the concept of cost minimization, which is of great importance to many consumers. The OUC is proposing the same language for the definition of "preferred resource portfolio" as proposed in the OUC's comments on the Commission's 2<sup>nd</sup> draft Strawman. (See OUC's 4-1-16 reply comments, page 5, para. (ll), and OUC's 10-22-15 comments, page 5, para. (hh).)

**Commented [KK9]: OUC Comment:**

Added statutory definition of "energy efficiency program costs" from IC 8-1-8.5-10(g).

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(tt) "Smart grid" means use of digital electronics, equipment, or data, and the associated communications networks, to monitor and control aspects of the electrical transmission and distribution system from generation to consumption.

(uu) "Supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource may include, but is not limited to, the following:

- (1) A utility-owned generation capacity addition.
- (2) A wholesale power purchase.
- (3) Refurbishing or upgrading an existing utility-owned generation facility.
- (4) A cogeneration facility.
- (5) A renewable resource.
- (6) Distributed generation.

~~(tt) "Total resource cost test" means a cost effectiveness test that eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost effective based on the total cost and benefit of a DSM program, independent of the precise allocation to a shareholder, ratepayer, and participant.~~

(vv) "Utility" means:

- (1) a public, municipally owned, or cooperatively owned electric utility; or
- (2) a joint agency created under IC 8-1-2.2;

unless the utility is exempt under IC 8-1-8.5-7.

~~(vv) "Utility cost test" (also known as the revenue requirements test, or program administrator cost test) means a cost effectiveness test measuring the ratio of the utility benefits to utility costs. (Indiana Utility Regulatory Commission; 170 IAC 4-7-1; filed Aug 31, 1995, 9:00 a.m.: 19 IR 16; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)~~

**SECTION 3. 170 IAC 4-7-2 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-2 Integrated Resource Plan Submission**

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2. (a) The following utilities, or their successors in interest, shall submit to the commission an IRP consistent with this rule according to the following schedule:

~~(41) Hoosier Energy Rural Electric Cooperative shall submit an update of its 2014 IRP by November 1, 2016, consistent with subsection 10(b) of this rule.~~

~~(42) Indianapolis Power and Light Company, Northern Indiana Public Service Company, and Southern Indiana Gas and Electric Company by November 1, 2016, and every three years thereafter.~~

~~(23) Indiana Municipal Power Agency, Hoosier Energy Rural Electric Cooperative and Wabash Valley Power Association by November 1, 2017, and every three years thereafter.~~

~~(24) Duke Energy Indiana, and Indiana Michigan Power Company, by November 1, 2018, and every three years thereafter.~~

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~~(4) Hoosier Energy Rural Electric Cooperative shall submit an update of its 2014 IRP by November 1, 2016, consistent with subsection 10(b) of this rule.~~

~~(b) Prior to constructing, purchasing, or leasing a generating facility to provide electric service within the state of Indiana, a utility not listed in subsection (a) must submit to the commission an IRP consistent with this rule. If the generating facility is thereafter constructed, purchased, or leased, the utility shall submit to the commission an IRP consistent with this rule every three years from the date of the utility's first IRP.~~

(be) Upon request of a utility, the director may grant an extension of a submission deadline, for good cause shown.

(ca) On or before the applicable date, a utility subject to subsection (a) or (b) must submit electronically to the director or through an electronic filing system if requested by the director, the following documents:

- (1) The integrated resource plan.
- (2) A technical appendix containing supporting documentation sufficient to allow an interested party to evaluate the assumptions in the IRP.
- (3) An IRP summary that communicates core IRP concepts and results to non-technical audiences in a simplified format using visual elements where appropriate. The IRP summary shall include, but is not limited to, the following:

(A) A brief description of the utility's:

- (i) existing resources;
- (ii) preferred resource portfolio;
- (iii) key factors influencing the preferred resource portfolio;
- (iv) short term action plan;
- (v) the IRP public advisory process; and
- (vi) any additional details the commission staff may request.

(B) A simplified discussion of resource types and load characteristics.

The utility shall make the IRP summary readily accessible on its website.

(de) Contemporaneously with the submission of an IRP under this section, a utility shall provide to the director the following information:

- (1) The name and address of each known individual or entity considered by the utility to be an interested party.
- (2) A statement that the utility has sent each known interested party, electronically or by deposit in the United States mail, First Class postage prepaid, a notice of the utility's submission of the IRP to the commission. The notice must include the following information:

(A) A general description of the subject matter of the submitted IRP.

(B) A statement that the commission invites interested parties to submit written comments on the utility's IRP within 120 days of the IRP submittal.

An interested party includes any business, organization, or particular customer that participated in the utility's previous public advisory process ~~or submitted comments on the utility's previous IRP~~. A utility is not required to separately notify all of its customers.

- (3) A statement that the utility has served a copy of the documents submitted under subsection (d) ~~above of this section~~ on the ~~OUCS office of the consumer counselor~~ (Indiana Utility Regulatory Commission; 170 IAC 4-7-2; filed Aug 31, 1995, 9:00 a.m.):

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*19 IR 18; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; errata filed Jul 21, 2009, 1:33 p.m.: 20090819-IR-170090571ACA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)*

SECTION 4. 170 IAC 4-7-2.1 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.1 Public Comments and Director's Reports

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2.1. (a) A customer or interested party may comment on an IRP submitted to the commission. A comment must:

- (1) be in writing;
- (2) be received by the commission within ~~one hundred and twenty-nine (129)~~ **one hundred and twenty-nine (120)** days from the date a utility submits its IRP to the commission;
- (3) be ~~submitted to the commission~~ electronically ~~submitted to the director or as otherwise accepted by the directors~~ **submitted to the director or as otherwise accepted by the director** ~~submitted through an electronic filing system if requested by the director;~~
- (4) clearly identify the utility upon which written comments are submitted; and
- (5) be provided to the utility **using the utility contact information provided in the IRP.**

(b) The director shall issue a draft report on the IRP no later than one hundred and fifty (150) days from the date a utility submits its IRP to the commission.

(c) Supplemental or response comments may be submitted by:

- (1) the utility;
- (2) a customer; or
- (3) an interested party.

(d) Supplemental or response comments must be:

- (1) in writing;
- (2) received by the commission within thirty (30) days from the date the director issues the draft report;
- (3) ~~submitted to the commission~~ electronically ~~submitted to the director or submitted through an electronic filing system if requested by the director;~~ and
- (4) provided to:

- (A) the utility;
- (B) each customer or interested party that submitted written comments; and
- (C) the **OUC** ~~Office of the utility consumer counselor.~~

(e) The director may allow additional written comment periods or extend the submission deadline for written comments or supplemental or response comments by notifying the utility and interested parties.

(f) The director shall issue a final report on the IRP within 30 days following the deadline for supplemental or response comments.

(g) The draft report and the final report shall:

- (1) be limited to commenting on the IRP's compliance with the requirements of this rule;

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(2) list all areas where the director believes the IRP fails to comply with the requirements of this rule; and

(3) not comment on:

(A) the desirability of the utility's preferred resource ~~plan~~ portfolio; and

(B) a proposed resource action in the IRP.

(h) The director may extend the deadlines for issuance of the draft report and the final report by notifying the utility and interested parties.

(i) Failure by the director to issue a draft or final report by the applicable deadline shall result in a presumption that the IRP complies with this rule.

(j) Subject to IC 5-14-3 and any determination by the commission regarding confidentiality under 170 IAC 1-1.1-4, the commission shall make publicly available on the commission's website or other electronic document system:

(1) The utilities' IRPs.

(2) Written comments.

(3) Supplementary and responsive comments.

(4) The director's draft report.

(5) The director's final report. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-2.1*)

**SECTION 5. 170 IAC 4-7-2.2 IS ADDED TO READ AS FOLLOWS:**

170 IAC 4-7-2.2 Resource Adequacy ~~Annual Updates~~ Assessment Report

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2.2. (a) ~~On or before November 1 of each year, Each~~ utility listed in subsection 2(a) of this rule shall provide to the director and the OUCC the resource adequacy assessment information the utility provided reported to a regional transmission organization in the preceding year, within 25 days of the date reported or as otherwise agreed by the director.

(b) A utility providing information as required in subsection (a) shall explain any differences in the information provided under subsection (a) with the utility's most recent IRP. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-2.2*)

**SECTION 6. 170 IAC 4-7-2.5 IS ADDED TO READ AS FOLLOWS:**

170 IAC 4-7-2.5 Effects of Integrated Resource Plans in Docketed Proceedings

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 5-14-3; IC 8-1-1-8; IC 8-1-8.5; IC 8-1.5

Sec. 2.5. (a) The failure of an interested party to file comments under this rule shall not constitute a waiver of any right to participate as a party or to advance an argument or position in a formally docketed proceeding before the commission. Similarly, the content of comments filed by an interested party under this rule shall not ~~stop or~~ preclude that party from advancing an argument or position in a formally docketed proceeding before the commission, whether or not that argument or position was raised in comments submitted under this rule.

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(b) When a utility takes a resource action, it shall be consistent with the most recent IRP submitted under this rule, including its:

- (1) inputs;
- (2) data and assumptions;
- (3) methods;
- (4) models;
- (5) judgment factors; and
- (6) rationales used to determine inputs, methods, and risk metrics;

unless any ~~discrepancies~~ ~~difference~~s between the most recent IRP and the resource action are fully explained and justified with supporting evidence, including an updated IRP ~~analysis~~ ~~analyses~~.

(c) Documents submitted to the commission or created pursuant to this rule may be used as follows:

- (1) To assist the commission in the preparation of the commission analysis.
- (2) In the preparation of a commission staff report in formally docketed proceedings before the commission.
- (3) As evidence in a formally docketed proceeding before the commission ~~when-if~~ admitted.

*(Indiana Utility Regulatory Commission; 170 IAC 4-7-2.5)*

SECTION 7. 170 IAC 4-7-2.6 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-7-2.6 Public advisory process  
Authority: IC 8-1-1-3; IC 8-1-8.5-3  
Affected: IC 8-1-8.5

Sec. 2.6. (a) The following utilities are exempt from this section:

- (1) Indiana Municipal Power Agency;
  - (2) Hoosier Energy Rural Electric Cooperative; and
  - (3) Wabash Valley Power Association.
- ~~A municipally owned utility;~~  
~~(2) A cooperatively owned utility;~~  
~~(3) A utility submitting an IRP under subsection 2(b) of this rule.~~

(b) The utility shall provide information requested by an interested party relating to the development of the utility's IRP.

(c) The utility shall solicit, consider, and timely respond to all relevant input relating to the development of the utility's IRP provided by interested parties, ~~the~~ **OUCC**, the commission, and its staff.

(d) The utility retains full responsibility for the content of its IRP.

(e) The utility shall conduct a public advisory process as follows:

(1) Prior to submitting its IRP to the commission, the utility shall hold at least three meetings, a majority of which shall be held in the utility's service territory. The topics discussed in the meetings shall include, but not be limited to, the following:

- (A) An introduction to the IRP and public advisory process.
- (B) The utility's load forecast.

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- (C) Evaluation of existing resources.
  - (D) Evaluation of supply and demand-side resource alternatives, including:
    - (i) associated costs;
    - (ii) quantifiable ~~energy and non-energy~~ benefits; and
    - (iii) performance attributes.
  - (E) Modeling methods.
  - (F) Modeling inputs.
  - (G) Treatment of risk and uncertainty.
  - (H) Discussion seeking input on its candidate resource portfolios.
  - (I) The utility's scenarios and sensitivities.
  - (J) Discussion of the utility's preferred resource portfolio and ~~the utility's rationale for its selection. its rationale.~~
- (2) The utility is encouraged to hold additional meetings as appropriate.
- (3) The schedule for meetings shall be determined by the utility and shall:
  - (A) be consistent with its internal IRP development schedule; and
  - (B) provide an opportunity for public participation in a timely manner so that it may affect the outcome of the IRP.
- (4) The utility or its designee shall:
  - (A) chair the participation process;
  - (B) schedule meetings; ~~and~~
  - (C) develop and publish to its website agendas and relevant material for those meetings at least seven (7) calendar days prior to the meeting; and
  - (D) develop and publish to its website ~~meeting~~ minutes within fifteen (15) calendar days following each meeting;
- (5) Interested parties may request that relevant items be placed on the agenda of the meetings if they provide adequate notice to the utility.
- (6) The utility shall take reasonable steps to notify:
  - (A) its customers;
  - (B) the commission; ~~and~~
  - (C) interested parties; ~~and~~
  - (D) the OUCC.
- of its public advisory process. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-2.6*)

**SECTION 8. 170 IAC 4-7-2.7 IS ADDED TO READ AS FOLLOWS:**

**170 IAC 4-7-2.7 Contemporary issues technical conference**

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-8.5

Sec. 2.7. (a) The commission or its staff may host an annual technical conference to facilitate:

- (1) identifying contemporary issues;
- (2) identifying best practices to manage contemporary issues; and
- (3) instituting a standardized IRP format.

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(b) The agenda of the technical conference shall be set by the commission staff. Utilities, the OUCC, and interested parties may request commission staff include specific contemporary issues and presenters.

(c) The director may designate specific contemporary issues for utilities to address in the next IRPs by providing the utilities and interested parties with the contemporary issues to be addressed.

~~(d) The utilities shall address discuss the designated contemporary issues in the next IRP if the contemporary issues were designated by the director at least one (1) year prior to the submittal date of the utility's IRP. In addition, prior to its next IRP the utility shall provide to interested parties either a discussion of the impacts of such issues on its IRP or describe how it has taken the contemporary issues into account.~~

~~(d) A utility shall address new issues raised in a contemporary issues technical conference if the contemporary issues technical conference occurred at least one (1) year prior to the submittal date of a utility's IRP. (Indiana Utility Regulatory Commission; 170 IAC 4-7-2.7)~~

**SECTION 9. 170 IAC 4-7-3 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-7-3 Waiver or variance requests**

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 5-14-3; IC 8-1-2-29; IC 8-1-2.2; IC 8-1-8.5-7; IC 8-1.5

Sec. 3. (a) A utility may request a variance from a provision of this rule for good cause.

(b) A request under this section shall:

- (1) Describe the situation which necessitates the variance.
- (2) Identify the provision of this rule for which the variance is requested.
- (3) Explain the difference between the expected effects of complying with this rule on the utility, its customers, and interested parties in the public advisory process if the variance is denied and the expected effect on the parties if accepted.
- (4) Explanation of how the variance is expected to aid the implementation of this rule.
- (5) A request shall be submitted in sufficient time that the IRP submittal schedule shall not be adversely affected.

(c) The director shall respond in writing regarding acceptance or denial of a request under this section within fifteen (15) calendar days. The request shall not be unreasonably denied, and any denials shall include the reason for the denial. If the director fails to respond within fifteen (15) calendar days, the request shall be deemed accepted.

(d) The request by the utility and the director's acceptance or denial shall be posted on the commission's website or other publically accessible electronic document system.

(e) ~~An interested party may An~~ appeal to the full commission ~~of~~ the director's acceptance or denial under this section. ~~An appeal to the full commission~~ must be filed with the commission ~~in a docketed proceeding and provided to the utility, the OUCC, and other interested parties~~ within thirty (30) days of the posting of the director's written acceptance or denial of the request. (Indiana Utility Regulatory Commission; 170 IAC 4-7-3; filed Aug 31, 1995, 9:00 a.m.: 19 IR 19; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)

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SECTION 10. 170 IAC 4-7-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-4 Integrated Resource Plan Contents

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1; IC 8-1.5

Sec. 4. An IRP must include the following:

- (1) At least a 20 year future period for a predicted or forecasted analysis.
- (2) An analysis of historical and forecasted levels of peak demand and energy usage in compliance with subsection 5(a) of this rule.
- (3) At least three (3) alternative forecasts ~~scenarios~~ of peak demand and energy usage in compliance with subsection 5(b) of this rule.
- (4) A description of the utility's existing resources in compliance with subsection 6(a) of this rule.
- (5) A description of the utility's process for selecting possible alternative future resources for meeting future demand for electric service, including a cost and benefit analysis ~~if performed~~.
- (5) A description of the possible alternative ~~methods~~ future resources for meeting future demand for electric service in compliance with subsection 6(b) of this rule.
- (6) The resource screening analysis and resource summary table required in ~~sub~~section 7(a) of this rule.
- (7) ~~The information and calculation of tests required for potential resources in compliance with subsections 7(b) 7(c) of this rule.~~
- (8) A description of the candidate resource portfolios and the process for developing candidate resource portfolios in compliance with subsection 8(a) and 8(b) of this rule.
- (9) A description of the utility's preferred resource portfolio and the information required in compliance with subsection 8(c) of this rule.
- (10) A short term action plan listing plans for the next three year period to implement the utility's preferred resource portfolio and its workable strategy. The short term action plan shall comply with section 9 of this rule.
- (11) A discussion of the:
  - (A) inputs;
  - (B) methods; and
  - (C) definitionsused by the utility in the IRP.
- (12) Appendices of the data sets and data sources used to establish alternative forecasts in subsection 9(b) of this rule. If the IRP references a third party data source, the IRP must include the following for the relevant data:
  - (A) source title;
  - (B) author;
  - (C) publishing address;
  - (D) date;
  - (E) page number; and
  - (F) an explanation of any adjustments made to the data.

**Commented [KK10]:** OUCC Comment:

A cost and benefit analysis should be required in this sub-section. 170 IAC 4-7-4(23) on page 14 includes a discussion of cost-effectiveness as one of the items that must be included in an IRP. Therefore, sub-section (23) further reinforces the OUCC's recommendation that "if performed" be deleted at the end of this subsection, 170 IAC 4-7-4(5).

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The data must be submitted within two weeks of submitting the IRP in an ~~editable manipulable~~ format, such as a comma separated value file or excel spreadsheet format.

(13) A description of the utility's effort to develop and maintain a database of electricity consumption patterns, disaggregated by the following:

- (A) customer class;
- (B) rate class;
- (C) NAICS code;
- (D) energy efficiency or demand response ~~DSM~~ program; and
- (E) end-use.

(14) The database in subdivision (13) may be developed using, but not limited to, the following methods:

- (A) Load research developed by the individual utility.
- (B) Load research developed in conjunction with another utility.
- (C) Load research developed by another utility and modified to meet the characteristics of that utility.
- (D) Engineering estimates.
- (E) Load data developed by a non-utility source.

(15) A proposed schedule for industrial, commercial, and residential customer surveys to obtain data on end-use appliance penetration, end-use saturation rates, and end-use electricity consumption patterns.

(16) A discussion detailing how information from Advanced Metering Infrastructure (AMI) and smart grid, where available, will be used to enhance usage data and improve load forecasts, ~~DSM energy efficiency programs, demand response programs, or both~~ and other aspects of planning.

(17) A discussion of distributed generation within the service territory and its potential effects on generation, transmission, and distribution planning and load forecasting.

(18) For models used in the IRP, including optimization and dispatch models, a description of the model's structure and applicability.

(19) A discussion of how the utility's fuel inventory and procurement planning practices, have been taken into account and influenced the IRP development.

(20) A discussion of how the utility's emission allowance inventory and procurement practices for any air emission have been taken into account and influenced the IRP development.

(21) A description of the generation expansion planning criteria. The description must fully explain the basis for the criteria selected.

(22) A discussion of how compliance costs for existing or reasonably anticipated air, land, or water environmental regulations impacting generation assets have been taken into account and influenced the IRP development.

(23) A discussion of how the utilities' resource planning objectives, such as ~~cost-effectiveness, rate impacts, risks and uncertainty, were balanced in selecting its preferred resource portfolio.~~

(24) A description and analysis of the utility's base case scenario, sometimes referred to a business as usual case or reference case. The base case scenario is the most likely future scenario and must meet the following criteria:

**Commented [KK11]: OUCC Comment:**

The inclusion of "cost-effectiveness" in this list reinforces the OUCC's recommended change to 170 IAC 4-7-4(5) on page 12.

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(A) Be an extension of the status quo, using the best estimate of forecasted electrical requirements, fuel price projections, and an objective analysis of the resources required over the planning horizon to reliably and economically satisfy electrical needs.

(B) Include existing federal environmental laws; existing state laws, such as renewable energy requirements and energy efficiency laws; and existing policies, such as tax incentives for renewable resources ~~that are certain~~.

(C) Existing laws or policies continuing throughout at least some portion of the planning horizon with a high probability of expiration or repeal must be eliminated or altered when applicable.

~~(CD) Not include future resources, laws, or policies unless:~~

~~(i) the A utility subject to section 2.6 of this rule receives stakeholder input on supporting the inclusion, and it meets the following conditions:~~

~~(ii) Future resources have obtained all necessary regulatory approvals; and~~

~~(iii) Future laws and policies have a high probability of being enacted.~~

A base case **scenario** need not align with the utility's preferred resource portfolio.

**(D) Not include future resources unless all necessary regulatory approvals have already been obtained.**

A base case **scenario** need not align with the utility's preferred resource portfolio.

(25) A description and analysis of alternative scenarios to the base case scenario, including comparison of the alternative scenarios to the base case scenario. **Alternative scenarios may not include future resources, laws or policies unless:**

**(A) A utility subject to section 2.6 of this rule receives stakeholder input supporting the inclusion; and**

**(B) Any underlying future laws and policies have a high probability of being enacted.**

An alternative **scenario** need not align with the utility's preferred resource portfolio.

(26) A brief description, focusing on the utility's Indiana jurisdictional facilities, of the following components of FERC Form 715:

(A) The most current power flow data models, studies, and sensitivity analysis.

(B) Dynamic simulation on its transmission system, including interconnections, focused on the determination of the performance and stability of its transmission system on various fault conditions. This description must state whether the simulation meets the standards of the North American Electric Reliability Corporation (NERC).

(C) Reliability criteria for transmission planning as well as the assessment practice used. This description must include the following:

(i) the limits of the utility's transmission use;

(ii) the utility's assessment practices developed through experience and study; and

(iii) operating restrictions and limitations particular to the utility.

(27) A list and description of the ~~contemporary~~ methods utilized by the utility in developing the IRP, including the following:

**Commented [KK12]: OUCC Comment re IURC's Red-lining**

NOTE: IURC red-lining was not intentionally removed, but is no longer visible. Areas highlighted in yellow show where the IURC had previously made red-lined changes in the 7-5-16 version of this draft proposed rule.

**Commented [KK13]: OUCC Comment re Possible Changes to Sub-section (24)**

-The language in the 7-5-16 proposed version of sub-section (24)(D)(i) is undefined and too broad to include as a criterion for a base case scenario. The OUCC recommends moving (24)(D)(i) to the discussion of "alternative scenarios" in the next sub-section..

-Due to the other deletions, (24)(D)(ii) in the 7-5-16 proposed version is changed from a bullet point format to blend with the introductory phrase in (24)(D).

-Due to the uncertainty inherent in the 7-5-16 proposed version of (24)(D)(iii), the OUCC recommends moving (24)(D)(iii) out of base case scenario requirements into the next sub-section addressing "alternative scenarios".

**Commented [KK14]: OUCC Comment**

The OUCC moved portions of Sub-section (24) into Sub-section 25 for possible inclusion in an alternative scenario (rather than in a base case scenario), for the reasons discussed above.

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- (A) For models used in the IRP, the model's structure and reasoning for its use.
- (B) The utility's effort to develop and improve the methodology and inputs, including for its:
  - (i) load forecast;
  - (ii) forecasted impact from demand-side programs;
  - (iii) cost estimates; and
  - (iv) analysis of risk and uncertainty.

(28) An explanation, with supporting documentation, of the avoided cost calculation for each year in the forecast period. ~~If the avoided cost calculation is used to screen demand side resources,~~ The avoided cost calculation must reflect timing factors specific to the resource under consideration such as project life and seasonal operation. The avoided cost calculation must include the following:

- (A) The avoided generating capacity cost adjusted for transmission and distribution losses and the reserve margin requirement.
- (B) The avoided transmission capacity cost.
- (C) The avoided distribution capacity cost.
- (D) The avoided operating cost, including fuel, plant operation and maintenance, spinning reserve, emission allowances, **environmental compliance costs**, and transmission and distribution operation and maintenance.

~~(29) The actual demand for all hours of the most recent historical year available, which shall be submitted electronically in a manipulable format. For purposes of comparison, a utility must maintain three (3) years of hourly data.~~

~~(3029)~~ A summary of the utility's most recent public advisory process, including:

- (A) Key issues discussed.
- (B) How the utility responded to the issues.
- (C) A description of how stakeholder input was used in developing the IRP.

~~(340)~~ A detailed explanation of the assessment of demand-side and supply-side resources considered to meet future customer electricity service needs. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-4; filed Aug 31, 1995, 9:00 a.m.: 19 IR 20; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

SECTION 11. 170 IAC 4-7-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-5 Energy and demand forecasts

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 5. (a) The analysis of historical and forecasted levels of peak demand and energy usage must include the following:

- (1) Historical load shapes, including the following:
  - (A) Annual load shapes.
  - (B) Seasonal load shapes.
  - (C) Monthly load shapes.
  - (D) Selected weekly load shapes.

**Commented [KK15]:** OUCC Comment:

The OUCC believes avoided cost calculations should be required and that the calculation methodology used by the utilities should be uniform.

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(E) Selected daily load shapes, which shall include summer and winter peak days, and a typical weekday and weekend day.

(2) Disaggregation of historical data and forecasts by customer class, interruptible load, end-use where information permits.

(3) Actual and weather normalized energy and demand levels.

(4) A discussion of methods and processes used to weather normalize.

(5) A minimum twenty (20) year period for peak demand and energy usage forecasts.

(6) An evaluation of the performance of peak demand and energy usage for the previous ten (10) years, including the following:

(A) Total system.

(B) Customer classes, rate classes, or both.

(C) Firm wholesale power sales.

(7) A discussion of how the impact of historical **energy efficiency and demand response** DSM programs is reflected in or otherwise treated in the load forecast.

(8) Justification for the selected forecasting methodology.

(9) For purposes of subdivisions (1) and (2) **of this subsection**, a utility may use utility specific data or data, such as described in subdivision 4(1449) of this rule.

(b) In providing at least three (3) alternative forecasts of peak demand and energy usage the utility shall include high, low, and most probable peak demand and energy use forecasts to establish plausible risk boundaries as well as a forecast that is deemed by the utility, with stakeholder input, to be most likely based on alternative assumptions such as:

(1) Rate of change in population.

(2) Economic activity.

(3) Fuel prices, including competition.

(4) Price elasticity.

(5) Penetration of new technology.

(6) Demographic changes in population.

(7) Customer usage.

(8) Changes in technology.

(9) Behavioral factors affecting customer consumption.

(10) State and federal energy policies.

(11) State and federal environmental policies.

(c) Utilities shall include a discussion of the potential changes under consideration to improve the data quality, tools, **and** analysis as part of the on-going efforts to improve the credibility of the load forecasting process. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-5; filed Aug 31, 1995, 9:00 a.m.: 19 IR 21; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

SECTION 12. 170 IAC 4-7-6 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-6 **Resource Description of Available Resources** ~~assessment~~

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-8.5; IC 8-1.5

**Commented [KK16]:** OUCC Comment:  
The term "DSM" was changed to "energy efficiency" and "demand response" to be consistent with language in IC 8-1-8.5-10.

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Sec. 6. (a) In describing its existing electric power resources, the utility must include in its IRP the following information relevant to the 20 year planning period being evaluated:

- (1) The net and gross dependable generating capacity of the system and each generating unit.
- (2) The expected changes to existing generating capacity, including the following:
  - (A) Retirements.
  - (B) Deratings.
  - (C) Plant life extensions.
  - (D) Repowering.
  - (E) Refurbishment.
- (3) A fuel price forecast by generating unit.
- (4) The significant environmental effects, including:
  - (A) air emissions;
  - (B) solid waste disposal;
  - (C) hazardous waste; and
  - (D) subsequent disposal; and
  - (E) water consumption and discharge;at each existing fossil fueled generating unit.
- (5) An analysis of the existing utility transmission system that includes the following:
  - (A) An evaluation of the adequacy to support load growth and expected power transfers.
  - (B) An evaluation of the supply-side resource potential of actions to reduce transmission losses, congestion, and energy costs.
  - (C) An evaluation of the potential impact of demand-side resources on the transmission network.

~~(D) An assessment of the transmission component of avoided cost.~~

- (6) A discussion of demand-side resources ~~DSM programs~~ and their estimated impact on the utility's historical and forecasted peak demand and energy.

The information listed above in subdivision (a)(1) through subdivision (a)(4) and in subdivision (a)(6) shall be provided for each year of the future planning period.

(b) In describing possible alternative methods of meeting future demand for electric service, a utility must analyze the following resources as alternatives in meeting future electric service requirements:

- (1) Innovative rate design as a resource in meeting future electric service requirements.
- (2) ~~Demand side resources, including:  
Demand response programs, and  
Energy efficiency programs.~~

For potential demand-side resources identified in the IRP, the utility shall include the following:

- (A) A description of the ~~program~~ potential demand-side resource, including its costs, characteristics and parameters ~~considered.~~
- (B) The method by which the costs, characteristics and other parameters of the demand-side resource are determined.
- ~~(B) The avoided cost projection on an annual basis for the forecast period that accounts for avoided generation, transmission, and distribution system costs. The~~

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~~avoided cost calculation must reflect timing factors specific to programs under consideration such as project life and seasonal operation.~~

**(C) The avoided cost projection on an annual basis for the forecast period. The avoided cost calculation must reflect timing factors specific to programs under consideration such as project life and seasonal operation.**

**(D) The customer class or end-use, or both, affected by the program demand-side resource.**

~~(E) A participant bill impact projection and participation incentive to be provided in the program.~~

**(E) A participant bill impact projection and participation incentive to be provided in the program.**

~~(E) A projection of the program costs to be borne by the participant.~~

**(F) Estimated annual and lifetime energy (kWh) and demand (kW) savings per participant for each program.**

~~(G) The estimated program penetration rate and the basis of the estimate.~~

**(G) The estimated impact of a demand side resource DSM program on the utility's load, generating capacity, and transmission and distribution requirements.**

**(H) Whether the program provides an opportunity for all ratepayers to participate, including low-income residential ratepayers.**

~~(3) Supply-side resources, including:  
 cogeneration;  
 non-utility generation;  
 commercially available resources; and  
 wholesale power purchases.~~

For potential supply-side resources, the utility shall include the following:

(A) Identification and description of the supply-side resource considered, including:

- (i) Size (MW).
- (ii) Utilized technology and fuel type.
- (iii) Energy profile of non-dispatchable resources.
- ~~(ii) Utilized technology and fuel type.~~
- (iv) Additional transmission facilities necessitated by the resource.

(B) A discussion of the utility's effort to coordinate planning, construction, and operation of the supply-side resource with other utilities to reduce cost.

~~(C) The following information must be provided for a resource selected for further analysis:~~

~~(1) A description of significant environmental effects, including the following:~~

- ~~(A) Air emissions.~~
- ~~(B) Solid waste disposal.~~
- ~~(C) Hazardous waste and subsequent disposal.~~
- ~~(D) Water consumption and discharge.~~

(4) Transmission facilities as a resource, including:  
 new projects;  
 upgrades to transmission facilities;  
 efficiency improvements; and

**Commented [KK17]: OUC Comment:**  
 The IURC's 7-5-16 draft proposed rule deleted this sub-section; but the OUC recommends retaining it, since it provides specific instructions on what to consider when calculating avoided costs. The OUC believes it would be beneficial to have greater uniformity in the methodology used in these calculations and therefore proposes that the paragraph be retained.

**Commented [KK18]: OUC Comment:**  
 The OUC renumbered the remaining sub-sections due to other changes noted in this section.

**Commented [KK19]: OUC Comment:**  
 The OUC reinserted language that the IURC is considering deleting in its 7-5-16 draft proposed rule. However, IC 8-1-8.5-10(j)(7) requires the IURC to look at the effect on electric rates and bills for energy efficiency program participants and non-participants. Aside from the statutory requirement, the OUC believes ratepayers should be informed of the expected impact on their monthly utility bills.

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~~smart grid technology.~~

In analyzing transmission resources, the utility shall include the following:

(A) The type of the transmission resource, including whether the resource consists of one of the following:

- (i) new projects
- (ii) upgrades to transmission facilities
- (iii) efficiency improvements; or
- (iv) smart grid technology.

~~(B)~~ A description of the timing, types of expansion, and alternative options considered.

~~(C)~~ The approximate cost of expected expansion and alteration of the transmission network.

~~(D)~~ A description of how the IRP accounts for the value of new or upgraded transmission facilities increasing power transfer capability, thereby increasing the utilization of geographically constrained cost-effective resources.

~~(E)~~ A description of how:

- (i) IRP data and information affect the planning and implementation processes of the RTO of which the utility is a member; and
- (ii) RTO planning and implementation processes affect the IRP. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-6; filed Aug 31, 1995, 9:00 a.m.: 19 IR 22; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

SECTION 13. 170 IAC 4-7-7 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-7 Selection of resources

Authority: IC 8-1-1-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 7. (a) In order to eliminate nonviable alternatives, a utility shall perform an initial screening of all future resource alternatives listed in subsection 6(b) of this rule. The utility's screening process and the decision to reject or accept a resource alternative for further analysis must be fully explained and supported in the IRP. The screening analysis must be additionally summarized in a resource summary table.

~~(b) The following information must be provided for a resource selected for further analysis:~~

~~(1) A description of significant environmental effects, including the following:~~

~~(A) Air emissions;~~

~~(B) Solid waste disposal;~~

~~(C) Hazardous waste and subsequent disposal;~~

~~(D) Water consumption and discharge;~~

~~(2) An analysis of how existing and proposed generation facilities conform to the utility wide plan and the commission analysis to comply with existing and reasonably expected future state and federal environmental regulations, including facility-specific and aggregate compliance options and associated performance and cost impacts.~~

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~~(e) For each DSM program analyzed under this section, the IRP must include one (1) or more of the following tests to evaluate the cost effectiveness of the program:~~

- ~~(1) Participant cost test.~~
- ~~(2) Ratepayer impact measure.~~
- ~~(3) Utility cost test.~~
- ~~(4) Total resource cost test.~~
- ~~(5) Other reasonable tests accepted by the commission.~~

**(b) Each energy efficiency or demand response program analyzed under this section must include the following cost-effectiveness tests:**

- (1) Participant cost test;**
- (2) Ratepayer impact measure;**
- (3) Utility cost test; and**
- (4) Total resource cost test.**

**Additional reasonable cost-effectiveness tests may also be proposed for commission consideration and possible approval. When conducting a cost and benefit analysis on proposed energy efficiency programs, the analysis must include all energy efficiency program costs, as defined in IC 8-1-8.5-10(g).**

~~(d) A utility is not required to calculate a test result in a specific format.~~

~~(e) For each program in subsection (c), a utility must calculate the net present value of the program's impact over the life cycle of the impact. A utility shall also explain the rationale for choosing the interest rate used in the net present value calculation.~~

~~(f) For a test performed under subsection (e), an IRP must:~~

- ~~(1) specify the components of the benefit and the cost for the test; and~~
- ~~(2) identify the equation used to calculate the result.~~

~~(g) If a reasonable cost effectiveness analysis for a program cannot be performed using the tests in subsection (e), because it is difficult to establish an estimate of load impact, such as a generalized information program, the cost effectiveness tests are not required.~~

~~(h) To determine cost effectiveness, the RIM test must be applied to a load building program. A load building program shall not be considered as an alternative to other resource options. (Indiana Utility Regulatory Commission; 170 IAC 4-7-7; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)~~

SECTION 14. 170 IAC 4-7-8 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-8 Resource portfolios

Authority: IC 8-1-1-3; IC 8-1-8.5-3

Affected: IC 8-1-8.5; IC 8-1.5

Sec. 8. (a) The utility shall develop candidate resource portfolios from existing and future resources identified in sections 6 and 7 of this rule. The utility shall provide a description of its process for developing its candidate resource portfolios, including a description of its optimization modeling, if used. In selecting the candidate resource portfolios, the utility shall at a minimum consider the following:

- (1) risk;

**Commented [KK20]: OUCC Comment:**

The OUCC recommends that language the IURC considered deleting be retained. The results of the 4 cost and benefit tests listed under subsection (b) should be included in a utility's case-in-chief, together with supporting detail, in all future energy efficiency/IRP filings since that information will be needed to determine the reasonableness of future energy efficiency programs proposed under IC 8-1-8.5-10.

The cost and benefit analysis of energy efficiency programs should include all energy efficiency program costs, as defined in IC 8-1-8.5-10(g).

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- (2) uncertainty;
  - (3) regional resources;
  - (4) environmental regulations;
  - (5) projections for fuel costs;
  - (6) load growth uncertainty;
  - (7) economic factors; and
  - (8) technological change.
- (b) With regard to candidate resource portfolios, the IRP must include:

(1) An analysis of how each candidate resource portfolio performed across a wide range of potential future scenarios, including the alternative scenarios required under subsection 4(25) of this rule.

(2) The results of testing and rank ordering of the candidate resource portfolios by key resource planning objectives, including cost-effectiveness and risk metric(s).

(3) The present value of revenue requirement for each candidate resource portfolio in dollars per kilowatt-hour delivered, with the interest rate specified.

(c) From its candidate resource portfolios, a utility shall select a preferred resource portfolio and include in the IRP the following information:

(1) A description of the utility's preferred resource portfolio.

~~(2) Identification of the variables used.~~

~~(2) Identification of the standards of reliability.~~

(43) A description of the assumptions expected to have the greatest effect on the preferred resource portfolio.

(54) An analysis showing that supply-side resources and demand-side resources have been evaluated on a consistent and comparable basis, including consideration of the following:

- (A) safety;
- (B) reliability
- (C) risk and uncertainty;
- (D) cost-effectiveness; and
- (E) customer rate impacts.

~~(65) An analysis showing the preferred resource portfolio utilizes, to the extent practical, all economical supply-side resources and demand-side resources that safely, cost-effectively, and reliably meets the electric system demand taking cost, risk, and uncertainty into consideration. as sources of new supply.~~

(76) An evaluation of the utility's DSM energy efficiency and demand response programs designed to defer or eliminate investment in a transmission or distribution facility including their impacts on the utility's transmission and distribution system for the first ten (10) years of the planning period.

(87) A discussion of the financial impact on the utility of acquiring future resources identified in the utility's preferred resource portfolio including, where appropriate, the following:

- (A) Operating and capital costs of the preferred resource portfolio.
- (B) The average cost per kilowatt-hour of the future resources, which must be consistent with the electricity price assumption used to forecast the utility's expected load by customer class in section 5 of this rule.

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- (C) An estimate of the utility's avoided cost for each year of the preferred resource portfolio.
- (D) The utility's ability to finance the preferred resource portfolio.
- (98) A description of how the preferred resource portfolio balances cost-effectiveness, reliability, and portfolio risk and uncertainty, including the following:
  - (A) Quantification, where possible, of assumed risks and uncertainties, including, but not limited to:
    - (i) environmental and other regulatory compliance;
    - (ii) reasonably anticipated future regulations;
    - (iii) public policy;
    - (iv) fuel prices;
    - (x) operating costs;
    - (v) construction costs;
    - (vi) resource performance;
    - (vii) load requirements;
    - (viii) wholesale electricity and transmission prices;
    - (ix) RTO requirements; and
    - (x) technological progress.
  - (B) An assessment of how robustness of risk considerations factored into the selection of the preferred resource portfolio.
- (199) A description of the utility's workable strategy allowing it to quickly and appropriately adapt its preferred resource portfolio to unexpected circumstances, including to the changes in the following changes:
  - (A) ~~The d~~Demand for electric service.
  - (B) ~~The e~~Cost of ~~a~~ new supply-side resources or demand-side resources.
  - (C) Regulatory compliance requirements and costs.
  - (D) ~~Changes in w~~Wholesale market conditions.
  - (E) ~~Changes in f~~Fuel costs.
  - (F) ~~Changes in e~~Environmental compliance costs.
  - (G) ~~Changes in t~~Technology and associated costs and penetration.
  - (H) Other factors which would cause the forecasted relationship between supply and demand for electric service to be in error.
- (140) Utilities shall include a discussion of ~~the~~ potential ~~methods changes~~ under consideration to improve the data quality, tools, and analysis as part of the ongoing efforts to improve the credibility and efficiencies of their resource planning process.  
*(Indiana Utility Regulatory Commission; 170 IAC 4-7-8; filed Aug 31, 1995, 9:00 a.m.: 19 IR 23; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA)*

SECTION 15. 170 IAC 4-7-9 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-7-9 Short term action plan  
Authority: IC 8-1-1-3; IC 8-1-8.5-3  
Affected: IC 8-1-8.5; IC 8-1.5

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Sec. 9. (a) A short term action plan shall be prepared as part of the utility's IRP, and shall cover a three (3) year period beginning with the IRP submitted pursuant to this rule. The short term action plan is a summary of the preferred resource portfolio and its workable strategy, as described in 170 IAC 4-7-8(c)(98), where the utility must take action or incur expenses during the three (3) year period.

- (b) The short term action plan must include, but is not limited to, the following:
- (1) A description of each resource in the preferred resource portfolio included in the short term action plan. The description may include references to other sections of the IRP to avoid duplicate descriptions. The description must include, but is not limited to, the following:
    - (A) The objective of the preferred resource portfolio.
    - (B) The criteria for measuring progress toward the objective.
  - (2) Identification of ~~energy efficiency~~ **energy efficiency and demand response** goals for implementation of ~~energy efficiency DSM~~ **energy efficiency and demand response programs** that can be ~~produced by reasonably achievable, cost effective plans~~ developed in accordance with **IC 8-1-8.5-10**, 170 IAC 4-8-1 *et seq.* and consistent with the utility's longer resource planning objectives.
  - (3) The implementation schedule for the preferred resource portfolio.
  - (4) A budget with an estimated range for the cost to be incurred for each resource or program and expected system impacts.
  - (5) A description and explanation of differences between what was stated in the utility's last filed short term action plan and what actually transpired. (*Indiana Utility Regulatory Commission; 170 IAC 4-7-9; filed Aug 31, 1995, 9:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA*)

**SECTION 16. 170 IAC 4-7-10 IS ADDED TO READ AS FOLLOWS:**

**170 IAC 4-7-10 IRP Updates**

Authority: IC 8-1-1-3; IC 8-1-8.5-3  
 Affected: IC 8-1-8.5; IC 8-1.5

Sec. 10. (a) The utility ~~shall not~~ **must** provide **the director** an update regarding substantial, unexpected changes that occur between IRP submissions. **Copies of an update shall also be provided to the OUCC and other interested parties stakeholders. If the utility has already filed a separate docketed proceeding seeking commission approval of new project(s) or reporting other conditions or events expected to substantially change the utility's last IRP, the utility must provide written notice to the director, the OUCC and other interested IRP stakeholders and provide pertinent cause numbers, witness names and page numbers. The notice provided by the utility should also include a description and explanation of the project's or event's expected impact on the utility's last IRP.**

(b) Upon the request of the commission or its staff, the utility shall provide updated IRP information **to the director, the OUCC and other interested stakeholders parties.** (*Indiana Utility Regulatory Commission; 170 IAC 4-7-10*)

**Commented [KK21]: OUCC Comment**  
 This requirement should be mandatory to keep all interested stakeholders apprised of significant developments.

**Commented [KK22]: OUCC Comment**  
 This provision imposes a notice requirement without the need to make a duplicate filing. It also directs the OUCC and interested parties to specific witness testimony relevant to the expected change(s) to the last IRP.

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SECTION 17. 170 IAC 4-8-0.5 IS ADDED TO READ AS FOLLOWS:

170 IAC 4-8-0.5 Purpose and Applicability

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-2-1; IC 8-1-8.5; IC 8-1-13; IC 23-17

Sec. 0.5. (a) The purpose of this rule is to provide the requirements for ~~utilities'~~ energy efficiency plans and requests for cost recovery as set forth in IC 8-1-8.5-10, and to ~~provide the rules and procedures applicable to the implementation of utilities' demand response programs and accompanying cost recovery by utilities.~~

(b) This rule applies to utilities as defined in this rule, unless otherwise noted. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-0.5*)

SECTION 18. 170 IAC 4-8-1 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-1 Definitions

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5;

Sec. 1. (a) The definitions in this section apply throughout this rule.

(b) "Allowance for funds used during construction" or "AFUDC" means the cost of borrowed funds used for capital expenditures associated with a utility-sponsored demand response or energy efficiency program, and a reasonable rate on other funds when so used.

(c) "Commission" means the Indiana utility regulatory commission.

(d) "Commission analysis" means the required state energy analysis developed by the commission under IC 8-1-8.5-3.

(e) "Cost and benefit analysis" **compares the benefits associated with a policy or investment with the costs of implementing the policy or investment. A cost and benefit analysis of energy efficiency programs must include all energy efficiency program costs, as defined in 170 IAC 4-8-10(g).**

(f) "Cost-effective" **is a measure of whether an investment's benefits exceed its costs.**

(g) "Demand-side resource" means one or more demand response programs, energy efficiency programs, or both.

(h) "Demand response" means a reduction in demand for limited intervals of time, such as during peak electricity usage or emergency conditions.

(i) "Demand response program" means a utility program designed to implement demand response.

(j) "Demand response program costs" **means the direct and indirect costs of a demand response program.**

(k) "Electricity supplier" **has the same meaning as set forth in IC 8-1-8.5-10(a).**

(l) "End-use" means the light, heat, cooling, refrigeration, motor drive, microwave energy, video or audio signal, computer processing, electrolytic process, or other useful work produced by equipment using electricity.

(m) "Energy efficiency" means reduced energy use for a comparable or improved level of energy service.

**Commented [KK23]: OUCC Comment:**

The term "cost and benefit analysis" was used throughout the document, but never defined; so the OUCC proposes adding this general definition.

Note that the sub-section numbers for the remainder of this section have been changed due to proposed additions and deletions from the IURC's 7-5-16 draft proposed rule.

**Commented [KK24]: OUCC Comment:**

The terms "cost and benefit analysis" and "cost-effective" were used, but not defined, in the commission's 7-5-16 draft proposed rule. The OUCC proposes using the same definitions in 170 IAC 4-8-1(e) & (f) as used in 170 IAC 4-7-1.

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(~~hm~~) “Energy efficiency plan” means a utility’s filing with the commission under this rule as required by IC 8-1-8.5-10(~~hg~~).

(~~hmn~~) “Energy efficiency program” means a utility program designed primarily to implement energy efficiency.

(~~hn~~) “Energy efficiency program costs” means the direct and indirect costs of an energy efficiency program or demand response program, including, but not limited to, costs associated with EM&V, reasonable lost revenues, and reasonable financial incentives.

(~~hpe~~) “Energy service” means the light, heat, motor drive, and other service for which a customer purchases electricity from the utility.

(~~hpn~~) “Engineering estimate” means a calculated estimate of energy (kWh) and demand (kW) resulting from demand response program or energy efficiency program, accounting for dynamic interactions between or ~~amount~~ among them.

(~~hpr~~) “Evaluation, measurement, and verification” or “EM&V” means the independent application of methods and processes used to assess the performance of one or more energy efficiency programs, demand response programs, or both.

(~~hpt~~) “Free-rider” means a customer who would have implemented demand response or energy efficiency without participating in an energy efficiency program or demand response program, yet participates in a demand response or energy efficiency program and receives an incentive or bonus for participation.

(~~hps~~) “Gross energy savings” means the change in energy consumption that results directly from the implementation of an energy efficiency program or demand response program.

(~~hpt~~) “Gross demand savings” means the change in demand that results directly from the implementation of an ~~demand response program or energy efficiency program or demand response program. actions taken by program participants regardless of the extent or nature of program influences on their actions.~~

(~~hpu~~) “Income effect” means the short term and long term change in a customer’s energy use that is induced by a change in the amount of disposable income available to the customer.

(~~hqv~~) “Integrated resource plan”, or “IRP” means a utility’s document submitted to the commission in order to meet the requirements of 170 IAC 4-7.

(~~hvw~~) “Load building” means a program intended to increase electricity consumption without regard to the timing of the increased usage.

(~~hvx~~) “Load retention” means a program intended to induce customers, that have a bona fide option of switching to alternative sources of energy services or customer owned generation, to remain as customers.

(~~hvy~~) “Lost revenue” means the revenue lost, if any, less the variable operating and maintenance costs saved as a result of an energy efficiency program or demand response program.

(~~hwz~~) “Market effects” means the indirect influence of an energy efficiency program or demand response program that results in energy and demand savings that have not been captured in EM&V activities.

(~~haa~~) “Net demand savings” means the portion of gross demand savings that is attributable to a demand response program or energy efficiency program, ~~including adjusted for~~ free ridership and spillover.

Commented [KK25]: OUC Change:  
Corrected spelling error.

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(ybb) "Net energy savings" means the portion of gross energy savings that is attributable to an energy efficiency program or demand response program, ~~including adjusted for~~ free ridership and spillover.

~~(z) "Program costs" means the direct and indirect costs of an energy efficiency program or demand response program, including, but not limited to, costs associated with EM&V, lost revenues, and financial incentives.~~

(aacc) "Participant cost test" means a cost-effectiveness test that measures the difference between the cost incurred by a program participant and the direct economic benefit received by a program participant.

(badd) "Participation level" means the actual number of customers participating in a specific demand-side program relative to the eligible number of customers available to participate in the program expressed as a percentage or a fraction.

(eccc) "Penetration" means the ratio of the number of a specific type of new units installed to the total number of new units installed during a given time.

(edff) "Persistence" means the percentage of energy-saving effectiveness remaining in a particular year compared to the initial year of the measure's installation or implementation. Persistence is a function of the following two (2) factors:

- (1) Equipment degradation.
- (2) Consumer behavior.

~~(eegg)~~ "Program Participant" means a utility customer participating in a utility-sponsored energy efficiency or demand response program.

~~(#hh)~~ "Ratepayer impact measure test" or "RIM test" ~~is the measures what happens to~~ customer bills or rates due to changes in utility revenues and operating costs caused by an energy efficiency or demand response ~~DSM~~ program. It indicates the direction and magnitude of the expected change in customer bills or rate levels. ~~change in revenue requirement, expressed on a per unit of sale, from the implementation of an energy efficiency program or demand response program.~~

(eeii) "Rebound effect" means a specific effect where a customer responds to a lower relative cost of electric service by purchasing more electricity in the same end-use where an energy efficiency program is concentrated.

(#hjj) "Resource" means a facility, project, contract, or other mechanism used by a utility to assist in providing electric energy service to the customer.

(#hkk) "Spillover" means additional reductions in energy consumption or demand by program participants beyond those directly associated with program participation.

(#hll) "Supply-side resource" means a resource that provides a supply of electrical energy or capacity, or both, to a utility. A supply-side resource includes the following:

- (1) A utility-owned generation capacity addition.
- (2) A wholesale power purchase.
- (3) A refurbishment or upgrading of an existing utility-owned generating facility.
- (4) A cogeneration facility.
- (5) A renewable resource technology.
- (6) Distributed generation.

~~(#hmm)~~ "Total resource cost test" means a cost-effectiveness test that eliminates the distinction between a participant and nonparticipant by analyzing whether a resource is cost-

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effective based on the total cost and benefit of an energy efficiency program or demand response program, independent of the precise allocation to a shareholder, ratepayer, and participant.

(~~hnn~~) "Useful life" means the period of time the investment in a measure remains cost-effectively serviceable.

(~~mmoo~~) "Utility" means

(1) a public, municipally owned, or cooperatively owned electric utility; or

(2) a joint agency created under IC 8-1-2.2;

unless the utility is exempt under IC 8-1-8.5-7.

(~~ppp~~) "Utility cost test" (also known as the revenue requirements test, or program administrator cost test) means a cost-effectiveness test measuring the ratio of the utility benefits to utility costs. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-1; filed Aug 31, 1995, 10:00 a.m.: 19 IR 24; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA*)

SECTION 19. 170 IAC 4-8-2 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-2 Energy Efficiency Plan Filing

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

Sec. 2. (a) An electricity supplier shall file a request for approval of an energy efficiency plan not less than one time every three years beginning no later than December 31, 2017.

(b) A utility applying to the commission for approval of its energy efficiency plan shall include the following information with its petition:

(1) A description of each energy efficiency program and demand response program proposed by the utility.

(2) A budget for the energy efficiency plan, including budgets for each energy efficiency program and demand response program.

(3) **The cost and benefit analysis required under IC 8-1-8.5-10(j)(2) must include the following cost-effectiveness tests for each proposed energy efficiency and demand response program:**

**(A) Participant cost test;**

**(B) Ratepayer impact measure;**

**(C) Utility cost test; and**

**(D) Total resource cost test.**

**Additional reasonable cost-effectiveness tests may also be proposed for commission consideration and possible approval. ~~A cost benefit analysis as required by IC 8-1-8.5-10(j)(2) using one or more of the following tests:~~**

~~(A) Participant cost test.~~

~~(B) Ratepayer impact measure.~~

~~(C) Utility Cost.~~

~~(D) Total Resource Cost.~~

~~(E) Other reasonable tests accepted by the commission.~~

**Commented [KK26]: OUCC Comment:**

The OUCC recommends that language the IURC considered deleting be retained. The results of the 4 cost and benefit tests listed under subsection (b) should be included in the utility's case-in-chief in all future energy efficiency plan approval cases, along with exhibits and supporting detail. That information will be needed to determine the reasonableness of future energy efficiency programs proposed under IC 8-1-8.5-10.

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A utility is not required to express a test result in a specific format, however, results must include the total costs and total benefits used in each calculation and the benefit-cost ratio for the specific test. **When conducting a cost and benefit analysis on proposed energy efficiency programs, the analysis must include all energy efficiency program costs, as defined in IC 8-1-8.5-10(g).**

**Commented [KK27]: OUCC Comment:**

The cost and benefit analysis of energy efficiency programs should include all energy efficiency program costs, as defined in IC 8-1-8.5-10(g).

(4) Projected changes in customer consumption of electricity resulting from the implementation of the energy efficiency plan.

(5) A ~~description of statement of how whether~~ the energy efficiency plan is consistent with the commission analysis.

(6) A description of how the energy efficiency plan is consistent with the utility's **most recent** IRP, including copies of relevant portions of the utility's most recent IRP.

(7) Identification of any preference to any customer class potentially resulting from implementation of an energy efficiency program or demand response program.

(8) A description of the lost revenues and financial incentives ~~the utility seeks to sought to be recovered or received by the utility.~~

(9) The effect, or potential effect, in both the long term and the short term, of the energy efficiency plan on the electric rates and bills of program participants compared to the electric rates and bills of customers ~~of nonparticipants that do not participate in the program.~~

(10) An EM&V procedure, complying with section 4 of this rule, to assess implementation and quantify the impact on energy and demand of each energy efficiency program and demand response program included in the energy efficiency plan.

(11) A statement of the utility's energy efficiency goals for producing reasonably achievable energy efficiency through implementation of cost-effective energy efficiency programs, **as analyzed in accordance with Section 2(b)(3) of this rule.** The energy efficiency goals shall be designed to achieve an optimal balance of energy resources in an electricity supplier's service territory. The energy efficiency goals shall exclude industrial customers that have opted out of the utility's energy efficiency plan.

**Commented [KK28]: OUCC Comment:**

This insertion provides additional context for the terms "cost effective" and "cost and benefit analysis", under the OUCC's proposed definitions of those terms.

(12) If an electricity supplier is using forecasted costs and energy saving for cost recovery purposes, it shall propose a mechanism to reconcile forecasted costs and energy savings with actual costs and energy savings.

(13) The work papers and data used for calculation of the test performed under subsections 3, 8, and 9 of this section.

(c) An electricity supplier may submit a plan required under this section either as an independent proceeding or as part of a general base rate proceeding.

(d) At the same time an electricity supplier petitions the commission under IC 8-1-8.5-10(h), the electricity supplier shall:

(1) provide a copy of the petition and plan to the Indiana office of utility consumer counselor; and

(2) post a copy of the petition and plan on the electricity supplier's internet website.

The electricity supplier may redact confidential or proprietary information.

**Commented [KK29]: OUCC Change:**

Minor spelling or grammar correction.

SECTION 20. 170 IAC 4-8-3 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-3 Home Energy Efficiency Assistance Programs

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Authority: IC 8-1-1-3; IC 8-1-8.5-10  
Affected: IC 8-1-8.5; IC 8-1.5

Sec. 3. ~~(c) A utility shall not include a home energy efficiency assistance program for qualified customers offered by a utility, as described in IC 8-1-8.5-10(h), in the cost effectiveness analysis under section 2 of this rule.~~

~~(ba) The commission may approve a home energy efficiency assistance program as part of an energy efficiency plan, approved in its entirety or in part, whether or not the home energy efficiency assistance program is cost-effective as analyzed in accordance with subsection 2(b) of this rule or as determined by the commission.~~

~~(b) The commission shall not approve financial incentives for a home energy efficiency assistance program that is not cost-effective. shall approve program costs and lost revenues associated with a home energy efficiency assistance program. (Indiana Utility Regulatory Commission; 170 IAC 4-8-3; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)~~

SECTION 21. 170 IAC 4-8-4 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-4 Evaluation, Measurement and Verification Plan

Authority: IC 8-1-1-3; IC 8-1-8.5-10  
Affected: IC 8-1-8.5

Sec. 4. ~~(a) When seeking commission approval for cost recovery, financial incentives, or lost revenue under section 5, section 6, and section 7 of this rule, a utility shall develop and submit to the commission an EM&V plan to assess implementation and quantify the impact on energy and demand of each energy efficiency program and demand response program. When seeking commission approval for cost recovery, financial incentives, or lost revenue under section 5, section 6, and section 7 of this rule, a utility shall develop and submit to the commission an evaluation, measurement and verification ("EM&V") plan to assess implementation and quantify the impact on energy and demand of each energy efficiency program and demand response program. The EM&V plan must include the following for each energy efficiency program and demand response program in the utility's energy efficiency plan:~~

- (1) The type and timing of the measurement activity.
- (2) The process used to modify the impact estimate for future planning and design of the program.
- (3) The utility's evaluation procedure. The utility must include information on how it will collect data to determine:
  - (A) load impact;
  - (B) participation level;
  - (C) utility cost and benefits;
  - (D) participant cost and benefits;
  - (E) net energy program savings;
  - (F) net demand program saving;
  - ~~(G)~~ useful life; and

**Commented [KK30]: OUC Stylistic Editing Error:**  
This text was proposed for deletion by the IURC in its 7-5-16 draft proposed rule. However, due to an OUC editing error, the IURC's red-lined strike-through edits (i.e., deletions) in sub-section (a) appear in a blue, rather than red, font.

**Commented [KK31]: OUC Comment:**  
Because of the importance of EM&V in confirming the accuracy of the utility's previously projected energy and demand savings, the OUC proposes reinserting language previously struck by the IURC.

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(HC) persistence.

(4) The actions the utility will take to:

- (A) optimize market penetration of the program;
- (B) minimize free-riders; and
- (C) measure spillover.

(5) A comparison of usage and demand patterns of similar participant and nonparticipant groups, through the use of customer bill analysis, engineering estimates, end-use meter data, or other methods. The comparison must identify the impacts of program participation on:

- (A) gross energy;
- (B) gross demand;
- (C) net energy; and
- (D) net demand.

(6) A method to measure rebound effect and the income effect for an energy efficiency program and demand response program where the effect may be significant.

(b) In addition to the EM&V plan submitted to the commission under this section, a utility shall submit to the commission and post to the utility's website, annually, a document containing information, data, and results from the utility's EM&V activities, including its load impact evaluation studies.

*(Indiana Utility Regulatory Commission; 170 IAC 4-8-4; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)*

SECTION 22. 170 IAC 4-8-5 IS AMENDED TO READ AS FOLLOWS:

170 IAC 4-8-5 Cost recovery

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

Sec. 5. (a) The commission shall approve the recovery of reasonable energy efficiency program costs and may approve the recovery of reasonable demand response program costs on a timely basis through a periodic rate adjustment mechanism.

(b) The commission shall limit the periodic rate adjustment mechanism ~~to the incremental the energy efficiency program costs or demand response program costs, or both, not already included incurred in excess of costs that are included~~ in the utility's base rates, if applicable.

(c) Nothing in this rule precludes a utility from requesting or the commission from approving in a rate case the following:

- (1) The inclusion of the ~~energy efficiency program costs or demand response program costs, or both,~~ in the utility's base rates using a balancing account, where appropriate, to reconcile the utility's recovered expenditures. ~~If approved, the commission may limit cost recovery to the utility's actual incurred expenses if the utility is spending less than the costs authorized by the commission for inclusion in the utility's base rates.~~
- (2) The inclusion of the capital cost, with accumulated AFUDC, in the utility's rate base, amortized over a period set by the commission.

**Commented [KK32]: QUCC Stylistic Editing Error:**  
This text was proposed for deletion by the IURC in its 7-5-16 draft proposed rule. However, due to an QUCC editing error, the IURC's red-lined strike-through edits (i.e., deletions) in sub-section (c)(1) appear in a blue, rather than red, font.

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(3) The accumulation, with a carrying charge, of the non-capital cost incurred and not otherwise recovered through the utility's base rates or through periodic adjustments in a deferred account to be amortized over a period set by the commission.

(d) ~~Cost~~ Recovery of energy efficiency program costs or demand response program costs, or both, under this section shall continue as determined by the commission provided that the utility maintains satisfactory EM&V activities as specified in section 4 of this rule.

(e) In order to ensure that energy efficiency program and demand response program benefits and costs are allocated between utility shareholders, participants, and nonparticipants in a fair and economical way, the utility must demonstrate to the commission that a customer incentive paid by the utility to the customer for participating participation, when combined with the reduction in the participant's utility bills:

- (1) reflects the net benefit of the energy efficiency or demand response program to the utility and all customers; and
- (2) minimizes cross-subsidies between customer groups and between program participants and nonparticipants within a customer group.

*(Indiana Utility Regulatory Commission; 170 IAC 4-8-5; filed Aug 31, 1995, 10:00 a.m.: 19 IR 27; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)*

SECTION 23. 170 IAC 4-8-6 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-6 Lost revenue

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

Sec. 6. (a) The commission shall approve the recovery of reasonable lost revenues for energy efficiency programs as provided in IC 8-1-8.5-10. The IURC ~~and~~ may approve the recovery of reasonable lost revenues for demand response programs.

(ab) A utility seeking recovery of lost revenue shall propose for commission review a methodology or process for calculating lost revenue that accounts for the following:

- (1) The impact of free-riders.
- (2) Spillover.
- (3) The change in the number of program participants between base rate changes
- (4) A revised estimate of the energy efficiency program's and demand response program's specific load impact resulting from the utility's EM&V activities.

(bc) Nothing in this rule precludes a utility from proposing in an ~~en rate case~~ ~~an~~ alternative regulatory plan rate design that eliminates the disincentive to pursue an energy efficiency program or demand response program in lieu of recovery of the utility's reasonable lost revenues. If the commission approves a utility's proposed alternative rate design regulatory plan in a manner that eliminates the utility's disincentive to implement an energy efficiency or demand response program, lost revenue recovery shall not be approved. *(Indiana Utility Regulatory Commission; 170 IAC 4-8-6; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-*

**Commented [KK33]:** OUCC Comment:

OUCC inserted language to connect EE program cost recovery to the controlling statute. Dividing this into 2 sentences also helps distinguish between these 2 different types of program costs.

**Commented [KK34]:** OUCC Stylistic Editing Error:

This text was proposed for deletion by the IURC in its 7-5-16 draft proposed rule. However, due to an OUCC editing error, this IURC red-lined edit appears in a blue, rather than red, font.

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170130227RFA)

**SECTION 24. 170 IAC 4-8-7 IS AMENDED TO READ AS FOLLOWS:**

**170 IAC 4-8-7 Financial incentives**

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

Sec. 7. (a) A utility may propose a financial incentive based on particular attributes of an energy efficiency program or demand response program and the program's desired results. A financial incentive may include, but is not limited to, the following:

(1) Granting a utility a percentage share of the net benefit attributable to an energy efficiency program or demand response program.

(2) Allowing a utility to earn a greater than normal return on equity for a rate based energy efficiency program or demand response program costs.

(3) Adjusting a utility's overall return on equity in response to quantitative or qualitative evaluation of an energy efficiency program's or demand response program's performance.

(b) The commission may terminate, when appropriate, a financial incentive.

(c) A financial incentive shall not provide an incentive payment for an energy efficiency program or demand response program unless the net kilowatt or kilowatt-hour impact, or both, can be reasonably determined.

(d) Load building and load retention programs are not eligible for performance incentives.

(e) A financial incentive must reflect the value to the utility's customers of the supply-side resource cost avoided or deferred by the utility's energy efficiency program or demand response program minus the incurred utility program costs.

(f) In order to reflect only the energy efficiency and demand impact of an energy efficiency program or demand response program, the financial incentive must exclude the effect of free-riders from the incentive calculation.

(g) A financial incentive may be based on forecasted demand and energy savings until the information on demand and energy savings from the utility's EM&V activities becomes available. (*Indiana Utility Regulatory Commission; 170 IAC 4-8-7; filed Aug 31, 1995, 10:00 a.m.: 19 IR 28; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA*)

**SECTION 25. 170 IAC 4-8-7.5 IS AMENDED TO READ AS FOLLOWS**

**170 IAC 4-8-7.5 Industrial Customer Opt Out of Participation in Energy Efficiency Plan**

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

**Sec. 7.5. (a) An industrial customer (as defined in IC 8-1-8.5-9(e)) may opt out of an**

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electricity supplier's energy efficiency plan under this section by following the procedure set forth in IC 8-1-8.5-9(f) and 9(g).

(b) The opt out of an industrial customer who has previously complied with the procedure set forth in IC 8-1-8.5-9(f) constitutes an opt out of an electricity supplier's energy efficiency plan under this section.

(c) An industrial customer may follow the procedure set forth in IC 8-1-8.5-9(g) to opt back in to an electricity supplier's energy efficiency plan.

(d) **If energy efficiency or demand response program costs are incurred for utility capital improvements made on the supply side of the meter that benefit all customers, including opt-out customers, the Commission must require the capital expenditures to be treated as such. The Commission will exercise its judgment in reviewing such projects, when presented as energy efficiency or demand response programs, and impose reasonable limits on costs that may be approved for recovery through a tracker for energy efficiency or demand response program costs.**

**Commented [KK35]:** OUCC Comment

OUCC inserted this language to address capital investments presented as EE or DR programs (e.g., volt var improvements) that will benefit all customers, even those that have opted out of energy efficiency programs under IC 8-1-8.5-9..

SECTION 2~~5~~<sup>6</sup>. 170 IAC 4-8-8 IS AMENDED TO READ AS FOLLOWS

170 IAC 4-8-8 Impact of demand-side management on small business

Authority: IC 8-1-1-3; IC 8-1-8.5-10

Affected: IC 8-1-8.5

Sec. 8. Contemporaneously with the commission's approval of a utility's petition under this rule, the commission shall, under 16 U.S.C. 2621(c)(3)(A) and 16 U.S.C. 2621(c)(3)(B) effective October 23, 1992, do the following:

- (1) Consider the impact that implementation of the proposed energy efficiency or demand response program would have on small business.
- (2) If necessary, implement a revision to the proposed energy efficiency program or demand response program to assure that utility actions would not provide the utility with an unfair competitive advantage over small business.

*(Indiana Utility Regulatory Commission; 170 IAC 4-8-8; filed Aug 31, 1995, 10:00 a.m.: 19 IR 29; readopted filed Jul 11, 2001, 4:30 p.m.: 24 IR 4233; readopted filed Apr 24, 2007, 8:21 a.m.: 20070509-IR-170070147RFA; readopted filed Aug 2, 2013, 2:16 p.m.: 20130828-IR-170130227RFA)*